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United States Department of Agriculture  
EXTENSION SERVICE  
Washington, D. C.

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REPORT OF THE SECRETARY OF THE SYMPOSIUM ON EGG MARKETING  
Held in Connection with the Scientific Program of the  
SEVENTH WORLD'S POULTRY CONGRESS AND EXPOSITION

CLEVELAND, OHIO, AUGUST 2, 1939

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UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF PLANT INDUSTRY  
WASHINGTON, D. C.

REPORT OF THE COMMISSIONER OF THE BUREAU OF PLANT INDUSTRY  
ON THE PROGRESS OF THE BUREAU OF PLANT INDUSTRY  
DURING THE FISCAL YEAR 1902

BY THE COMMISSIONER, J. H. COOPER

Printed by the  
U. S. GOVERNMENT PRINTING OFFICE

1903. 100-100000



## Foreword:

Since 1930 a redistribution of poultry population has taken place in the United States. In that year the number of hens and pullets reported in farm flocks on January 1 by the Bureau of Agricultural Economics was 420,451,000. This number was reduced by 1935 to 350,407,000, which level was again closely approached in 1938 when 350,964,000 were reported. The general decline in egg production resulting from this contraction in the number of layers was probably caused on the one hand by decreased purchasing power on the part of consumers, and consequently decreased demand for eggs, which resulted in lower incomes to producers and consequently limitation of production. This change in the level of production through the depression years was not equally distributed through all parts of the country.

In the North Atlantic states, for instance, 43,279,000 hens and pullets were reported in the farm flocks on January 1, 1930. There has been little change in this number during the following years, and on January 1, 1938, 42,365,000 were reported. For the west North Central states a quite different picture is presented, the number of laying hens and pullets on January 1, 1930 being reported as 126,346,000, whereas for 1938 there were only 89,478,000. The reduction in the west North Central states of approximately 36,000,000 hens and pullets accounts for more than half of the reduction for the country as a whole - other geographical divisions having participated in much smaller proportions or by some comparisons, not at all.

This redistribution of the poultry population is probably best explained on the basis of competition between producing areas, on the basis of economical production and the marketing methods used in capturing the





demand of the large industrial populations on the eastern seaboard. Another contributing factor has been the drought in the midwest during 1934 and 1936. Since poultry populations of the East have been maintained much closer to their earlier levels, it has seemed desirable that some discussion of inter-regional marketing methods be provided, in order that factors contributing to the present situation might be isolated, perhaps for later study. To this end a symposium was arranged in connection with the marketing sessions at the Seventh World's Poultry Congress in Cleveland. This symposium was held on Wednesday afternoon, August 2, 1939. Dr. T. G. Stitts of the Farm Credit Administration acted as Chairman and Dr. Bruce Silcox of the Extension Service of the U. S. Department of Agriculture as Secretary.

The following report is offered as a summary of what seemed to be the most important and pertinent contributions.

#### R E P O R T

In calling the meeting to order at 1:30 p.m. Dr. Stitts announced the theme of the symposium as being within the question of whether or not needed reforms in egg marketing could be made within the framework of the present marketing set-up, or whether new types of facilities were needed. Attention was called to the shifts occurring in the industry, the new forces which are coming in, and the changes which are taking place in marketing channels. It was suggested that, if possible, some diagnosis be made of the things that are wrong, looking toward changes that are needed in the industry from a marketing standpoint.

Two papers, from different egg and poultry producing regions, were presented. One prepared by Dr. A. Van Wagenen of Cornell University and





presented by Dr. J. C. Huttar of the Cooperative Egg Auction Inc., of the Grange League Federation, Ithaca, N. Y., clearly portrayed the general organization of the egg industry in the Northeast, and set forth a description of the four principal types of cooperatives operating in that area. The other paper, by Dr. W. H. Dankers, Extension Economist in Marketing, College of Agriculture, University Farm, St. Paul, Minnesota, dealt with the results of a recent analysis made of the egg outlets for farmers in Minnesota. In his paper Dr. Dankers pointed out that the merchants were still the most important outlet for Minnesota eggs and that 93 percent (by number) of those handling eggs in Minnesota moved eggs to another local buyer. Attention was called to the fact that in Minnesota the egg and poultry industry is more of a sideline than some other enterprises, that the quality of many of the eggs marketed is low and that a relatively small percentage of the merchants are buying eggs on the basis of grade. The conclusion was reached that improvement in production conditions and adjustments in marketing must be made together.

Copies of the two papers presented are attached.

The greater stability of egg production in the North Atlantic States, as compared with the West North Central States, was discussed in connection with Dr. Huttar's paper. Reasons advanced for the decline in production in the latter area were as follows:

1. In the early depression years following 1930 rapidly falling egg prices and relatively stable freight rates operated to reduce the farm return materially, and thereby discouraged egg production.





2. Producers in the west North Central states, because of their organization for production and marketing, are usually not in a position to take advantage of high prices paid for superior quality in eastern markets. Low average prices received by these producers intensified the effect of falling price levels and relatively stable freight rates.
3. Two severe drought years in this period caused considerable flock liquidation, from which, under the unfavorable price situation, they have not entirely recovered.

The maintenance and increase of production in the Northeast was attributed to several factors as follows:

1. There has been considerable development in cooperative selling of eggs and purchase of supplies.
  - (a) The marketing activity organized on a quality basis has made it possible for local producers to take advantage of local demand.
  - (b) The cooperative purchasing of supplies has considerably reduced the cost of production, mainly the feed cost, which is so large a part of the cost of producing eggs.
2. Lower prices for dairy products has made the farm income from egg and poultry production more favorable, and dairy farms have been remodeled for production of poultry and eggs.
3. Large numbers of unemployed have turned to poultry production for a source of income.





4. Lower interest rates have reduced the cost of expanding a farm enterprise.
5. The tendency to larger flocks has increased efficiency in production.

Various angles of the foregoing factors were discussed in relation to their importance. Representatives from the Northeast expressed the view that expansion of the egg and poultry industry in the Northeast is likely to continue to the point where that region will become even more important nationally than at present. It was indicated, however, that such expansion is not likely to continue at the rapid rate which has characterized it the last ten years.

Following the paper by Dr. Dankers, the chairman asked Mr. Oderkirk, of Iowa State College, if the conditions indicated in Minnesota were equally true in Iowa and in reply Mr. Oderkirk pointed particularly to the large number of small flocks and to the problem of duplication in marketing services there. Types of agencies developed in the past, he claimed, no doubt filled a certain need at the time they were established but now too many buyers of eggs, ill equipped and many with no well conceived function, characterize the industry in that and other states in the middle western area particularly. This does not mean that facilities are not adequate for proper marketing functions. It is undoubtedly the case that there is an actual oversupply of facilities in some local areas contributing to wasteful competitive conditions and lack of an orderly marketing procedure. Failure of producers to use proper facilities and more economical agencies may be often due to the highly competitive marketing structure which confuses producers in their attempts to improve their marketing methods.

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Here it was pointed out that the marketing problem of an area increases in direct relation to the distance from its market. In this respect the Iowa and Midwest farm flock producer finds certain Midwestern markets accessible but has little ready access and direct opportunity to learn about eastern consuming markets' demands, because of the type of production and market methods which have developed in this area. The procedures involved in marketing may actually need revision to the end that quality to the producer as well as to the consumer is more carefully determined and defined. The definition of quality appears to be a subject for the technologist engaged in product research, working with the market economist who has determined the optimum conditions of consumer demand at which eggs flow best into their proper uses. Demand for eggs in many markets has not crystallized on a quality basis. Consumers are not given much opportunity to exercise a choice for the product they want. Thus expansion in consumer use for eggs may be retarded by a lack of standardization and use of proper facilities and channels for eggs in the markets. It is estimated that the movement of eggs from producers in the middle western area to eastern consumers for current consumption requires a period varying from 12 to 20 days through the usual channels of trade. Although poultry requires a longer period for processing and fattening, the marketing period does not involve an appreciably greater time from farm to the consumer's table than for eggs because of the more direct marketing of poultry from farms to processors or shippers. It was brought out in the discussions that the machinery of marketing should be reorganized to permit a greater degree of packaging of eggs at the point of production where it can be most economically accomplished. The possibilities of reduced marketing costs from farm to consumer was indicated as a needed





improvement which could be effected without any trade group sacrificing its position to any great extent. Increased use of consumer packages at point of production would need to be correlated with maximum use of facilities to maintain quality and speed the egg from the nest to tables of consumers.

Increased development by midwest producers of nearby out-of-state markets or of local consuming markets was indicated to offer one solution of the market problem these producers face at present. It was predicted that midwestern producers will pay increasing attention to exploring market possibilities in Missouri, Minnesota, Illinois, and Ohio, for example, instead of relying as now on eastern markets.

In the discussion which followed the foregoing, the question was raised as to whether or not commercial development in the Middle West might in time largely replace the now existing farm flocks. The answer was that although Minnesota and Iowa will experience some further commercial development, the same is not likely to take place to the extinction of small flocks now found on most midwestern farms.

There was also some discussion as to whether or not Ohio with its large consuming centers could be properly classed with Minnesota, Iowa and Illinois, the consensus of opinion apparently being that from the standpoint of location as compared with Boston, New York, and Philadelphia, Ohio was essentially a midwestern outlet.

Discussion centered for some time around the general apparent trend for numbers of wholesale receivers to be reduced and a greater integration of functions being performed by various terminal market agencies. As is true in the producing areas, it was indicated that many of the present practices in terminal markets are a survival of earlier periods in the history





of the industry and that present conditions may demand a different approach to solve the marketing problems of the industry. The necessity for coordinating the pricing basis between producer and consumer markets was discussed. In order to do this a system to better permit the forces of demand to meet the forces of supply on a comparable basis and a recognition by all parties of the perishable nature of eggs is needed.

Particular reference was made during the afternoon to the set-up, operation and record of the Southern States Marketing Cooperative, functioning primarily in Virginia, as a desirable method of handling eggs. Efficiency and economy in operation by only one candling of eggs when received from producers at local stations, with the same checked in the Washington, D. C., market and the work of this organization in promoting Federal-State grading were discussed. Continuing the theme of the symposium, it was indicated that the committee in charge was aware of the expansion which had taken place in the East and of the loss of outlets suffered by the Middle West, and the statement was made that the problem appeared to center around organization which would allow or compel forces of supply and demand to operate on a quality basis at the point where the producer delivered his eggs.

The question was raised as to whether or not anything could be done to concentrate egg handling into a unit large enough to efficiently handle the commodity, to which the answer was made that the problem in the Middle West at least, always comes back to being one of type and size of flocks and unwillingness on the part of producers to really stand behind such a move over a period of time. Diverse farm enterprises with farmer interests widely scattered are characteristic of the general farming areas as contrasted with a limited number of enterprises and interests restricted to a limited number of products in areas of specialization.





Another thought expressed was that the problem of marketing, to farmers throughout the United States, was one of consumer education, grade-buying being designated as one real way to educate consumers. The possibilities and limitations of this in Minnesota, for example, where several thousand stores buy in very small units were considered. It was indicated that market improvement as related to wholesalers and retailers in consuming markets must be effected at the same time as are production improvements.

The group was greatly favored in having present, among others, Mr. Clyde L. Marquis, United States Delegate, International Institute of Agriculture, Rome, Italy, who discussed briefly the marketing of eggs in Italy and pointed to the necessity of the United States going after foreign markets, and going after them vigorously if they are to be held competitively. In answer to a question of Mr. Brown, of Canada, as to whether or not the world was ready for world-wide standards for eggs, Mr. Marquis indicated that when a sufficient number of requests for the same have been received from interested countries, the matter can be considered in conference by members of the Institute at Rome.

The symposium unquestionably brought about a better understanding on the part of those in attendance of the conditions and problems facing egg producers in various parts of the United States and Canada. Failure and success on the part of producers as related to quality and organization, weaknesses in the present system of merchandising eggs, the part consumers play in relation to the whole problem, and certain needed reforms were suggested. General agreement that a new type of merchandising program, including established grades, would be necessary to meet changing conditions as time goes on, prevailed.





It was recognized that the theme of the symposium "whether or not needed reforms in egg marketing could be made within the framework or whether new types of facilities were needed" was a subject for considerable study and consideration of various industry groups in the future. This will involve not only increased information gained through research concerning present market functions, consumer demands and capacities to use products as well as production techniques and the economics of production, but an organized educational program directed to improving methods and providing information leading to action programs.

Some improvements undoubtedly need to be made in the machinery of marketing within the framework of the existing institutional arrangement. A complete change will need to be made where weaknesses exist which are incapable of solution under the present structure.

Some comment was directed at the inter-relationship of producing areas and the desirability of maintaining competition upon a plane free from artificial barriers, basing values and demands for products upon facts gained from research and sound experience.

Representatives from the following States, the Dominion of Canada, and Rome, Italy, were present, participated in the discussion, and indicated that they wished a copy of the enclosed material: California, Colorado, Connecticut, Idaho, Illinois, Iowa, Maine, Maryland, Minnesota, New Jersey, New York, Ohio, Oregon, Virginia, Washington, D. C.

